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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 02/08/08

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There will be no Daily Summary on Monday, February 11 - a Japanese holiday.

ARTICLES:

- (1) Steelmakers to offer energy-conservation technology to China and India, aiming to acquire emissions credits

Japanese steelmakers, such as Nippon Steel Corp. and JFE Holdings Inc., have decided to team up with the Ministry of Economy, Trade and Industry (METI) to help China and India introduce energy-conservation technology in their steel mills. The Japanese side will start installing such technology at steel mills in China and India after dispatching engineers to survey the situation. The companies aim to obtain emissions credits in exchange for contributing to reducing greenhouse gas emissions in developing countries, based on the Clean Development Mechanism (CDM) provided for in the Kyoto Protocol. Through the cooperation project, the government will urge China and India to positively participate in a post-Kyoto mechanism to fight global warming beyond the 2012 timeframe set under the protocol.

Participating in the cooperation project will also be Kobe Steel, Sumitomo Metal Industries, and the Iron and Steel Federation. Japan recently dispatched engineers to such Chinese steelmakers as Jinan Iron & Steel Group Corp. in Shandong Province, Taiyuan Iron & Steel in Shanxi Province, and Jiangyin Xingcheng Special Steel Works Co. Engineers in Jiangsu Province. For India, Japan will send engineers first to the Steel Authority of India Ltd. (SAIL), and then to five steel mills in fiscal 2008, including the Tata Group.

The engineers will produce in March a report analyzing the possibility of introducing specific energy-saving technology in the three Chinese steel mills and in SAIL in India. Based on the report, the Japanese side will launch negotiations next fiscal year with the governments and steelmakers of China and India to translate the project into action. Cited as specific energy-saving facilities are coke dry quenching (CDQ) facilities designed to generate electricity

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using steam, and equipment to recover and recycle flammable gas from blast and coke furnaces into fuel.

Many companies in industrialized countries, including Japan, have proactively used the CDM designed to allow industrialized countries to earn emissions credits in return for offering financial and technical cooperation to developing countries like China. But such projects are mainly to recover or destroy chlorofluorocarbon gas, so no progress has been made in energy efficiency at steelmakers.

The joint project by the government and the public sector will make use of several hundred million yen in subsidies from the New Energy and Industrial Technology Development Organization (NEDO). By reducing CO2 emissions through their technical cooperation, steelmakers will acquire emissions credits. With government subsidies as a pump-priming mechanism, METI hopes to promote energy conservation to reduce greenhouse gas emissions in Asia.

Crude steel output in China has been sharply increasing in recent years. China produced about 490 million tons in 2007, more than one-third of the world's total. According to METI, China uses up to 20% more energy than Japan if both produce the same amount of steel. Steelmakers in China reportedly generate over 1 billion tons of CO2 annually. If Japan's technology is used, emissions would be reduced by 160 million tons a year. Crude steel in India is also significantly growing. It is now ranking 5th in the world, and is expected to double to the Japanese level by 2012. Naturally, CO2 emissions in India will certainly increase.

The issue of how to fight global warming will be high on the agenda for the upcoming G-8 summit in July. As part of global measures to contain emissions, Japan has proposed setting nation-specific targets for reducing emissions after collecting and aggregating emissions data for different industries.

According to the international Iron and Steel Institute (IISI), emissions from the steel industry account for nearly 10% of the world's total. Under the collecting-and-aggregating method, the steel industry will top the list of industries. Given this, Japan has decided to help China and India construct energy-efficient plants.

(2) Moving out to sea also in mind: Machimura

OKINAWA TIMES (Page 1) (Full)  
February 8, 2008

TOKYO-The government held a sixth consultative meeting yesterday evening at the prime minister's office with authorities from Okinawa Prefecture and its municipalities to discuss the issue of relocating the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture, to a coastal area of Camp Schwab in the prefecture's northern coastal city of Nago. Concerning Futenma relocation, Okinawa Prefecture and its base-hosting localities have been calling on the government to move the planned alternative facility out to the sea. "We're now going through the procedures for an assessment of the Futenma alternative's potential impact on the environment," Machimura said. "In that process," he added, "we will give thought to the local request to move it out to the sea, and we will also discuss problems about the construction project as well." This is the first time for the government in its consultative meeting with Okinawa to clarify its intention of discussing the proposal to move

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the construction site out to the sea. Concerning when to hold the next consultative meeting, Machimura said it would be "around the end of the current fiscal year." With this, he indicated that the next meeting would be around April.

In addition, Machimura stressed, "We'll have to make our utmost efforts to reach a settlement at the earliest possible time." With this, the top government spokesman indicated that the government would try to resolve the Futenma issue at an early date by moving the relocation site out to the sea.

After the consultative meeting, Gov. Hirokazu Nakaima from Okinawa Prefecture met the press. In his press remarks, Nakaima welcomed Machimura's response. "I think the government is now beginning to consider this matter (offshore relocation) in its own way," he said, adding, "I'm also expecting the government to make a decision in response to the chief cabinet secretary's remarks." With this, the governor expresses his expectations.

Meanwhile, Nakaima has released his statement on the government's procedural plan, which was submitted by the Defense Ministry's Okinawa Defense Bureau, to assess the newly planned facility's potential impact on its environs. In response, the government presented a revised plan to Okinawa Prefecture. "We appreciate the Defense Ministry's quick response," Nakaima said. The question is whether the governor will give the go-ahead for the environmental impact assessment. "Based on the government's response to my statement," Nakaima said, "I will make an appropriate judgment under the law." In the press conference after the consultative meeting, however, the governor showed his stance of responding in a positive manner. "We will go ahead if we can clear up what our screening board can consider," he said.

(3) Verbal battle over gasoline tax: "Factories follow roads," say government, ruling camp; DPJ's Okada presses Fukuda to admit setback from Koizumi reform drive

TOKYO SHIMBUN (Page 2) (Excerpts)  
February 8, 2008

The ruling and opposition camps sparred over the maintenance of the provisional gasoline tax rate in the House of Representatives Budget Committee session that started yesterday. The government and ruling parties protracted the question-and-answer session apparently in an effort to maintain the road-related tax revenues. Democratic Party of Japan Vice President Katsuya Okada clashed with the ruling coalition by shedding light on the rearguard nature of the ruling camp.

In yesterday's session, seven lawmakers took the floor as questioners. Six of them were from the ruling camp.

LDP Policy Research Council Chairman Sadakazu Tanigaki, using a

national expressway and highway map in which the completed roads were marked in blue and those yet to be constructed in red, explained: "Without the reds, (the Japanese archipelago) remains disintegrated. The roads must be connected to each other."

Tanigaki was immediately followed by Land, Infrastructure, and Transport Minister Tetsuzo Fuyushiba, who discussed in detail the significance of road projects, citing the planned roads one by one for over eight minutes. "Once roads are built, factories will

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definitely follow," Fuyushiba declared from the viewpoint of revitalizing local economies.

New Komeito Policy Research Council Chairman Tetsuo Saito also stressed: "It is too simplistic to assert that the government builds unnecessary roads with road-related tax revenues."

Kosuke Ito from Tokyo fanned a sense of crisis, stating: "Road-related revenues are vital in Tokyo, as well. If (the road-related budgets) fail to clear the current Diet session, (the completion of) the metropolitan beltway project (connecting Tokyo suburbs) will be delayed by 20 years."

"You should admit that you have backed away from the statement made by former Prime Minister (Junichiro Koizumi)."

Okada, who took the floor as the last questioner, criticized the stances of Prime Minister Yasuo Fukuda and the ruling parties by citing former Prime Minister Koizumi, who had aimed at using road-related tax revenues for general purposes.

Fukuda contended that the government has not backed away, explaining the government's policy to incorporate the tax revenues in excess of the road-construction budget into the general account.

Koizumi had categorically said that the road projects in excess of the already included in the 9,342 km expressway plan were a "blank slate." The government, however, has produced a midterm road program that includes plans to build 14,000 km of roads over the next ten years. Okada asked Fukuda, "Who made that decision?"

In response, Fukuda said: "Some projects might not be implemented." Okada further raised a question, saying: "This also means that every single person in this country has to contribute 500,000 yen to the road projects over the next 10 years. I wonder if the public will support it." Fiercer debate is expected in today's session, for all interpellators will be from the opposition camp.

(4) DPJ holding series of debates and symposia to enlist public support for abolishing provisional tax rates

TOKYO SHIMBUN (Page 2) (Abridged slightly)  
February 8, 2008

The Democratic Party of Japan (DPJ or Minshuto) has held a series of debate sessions and symposia outside of the Diet with the aim of playing up the need to incorporate road-related tax revenues into general revenues and to abolish the gasoline tax. The party intends get the public on its side in a bid to have the upper hand over the government and ruling parties in Diet debates.

The DPJ held last night in Tokyo a symposium titled "Should the provisional tax rates be lowered or maintained?" Many party executives voiced their views in the session. Deputy President Naoto Kan, for instance, said: "(The subject of) road-related tax revenues provides a good opportunity to fundamentally question the transparency of taxes." Secretary General Yukio Hatoyama noted: "We cannot budge even an inch regarding the question of using road-related tax revenue for general purposes and abolishing the provisional tax rates. Enlisting public support is most important." Meanwhile, Lower House member Akio Fukuda attended a National Youth Mayors Association workshop yesterday, in which he sought the

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mayors' understanding, describing the reform of road-related tax revenues as the cornerstone of all reforms.

Kan is scheduled to attend a pep rally to be held today by six local organizations. He will also hold an open panel discussion on Feb. 19 by inviting such individuals as Miyagi Governor Hideo Higashikokubaru and Fukuoka Governor and National Governors' Association head Wataru Aso. A group of junior DPJ lawmakers is also on a national tour to disseminate the party's idea of lowering the gasoline price. National Movement Committee Chairman Sakihito Ozawa said: "We would like to stir public opinion in tandem with heated Diet deliberations."

Although incorporating road-related revenues into general revenues and abolishing the provisional tax rates will lower the gasoline price, there is concern centering on local districts that they might delay necessary road projects as well. The DPJ is urged to quickly disseminate its assertion properly.

(5) Trying to determine other party's stance toward promotion of Muto to BOJ governor: First ruling-opposition talks held on selection of BOJ governor

NIKKEI (Page 3) (Excerpts)  
February 8, 2008

The official channel between the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) has gotten underway for discussions on the selection of a successor to Bank of Japan (BOJ) Governor Toshihiko Fukui, whose term expires on Mar. 19. They first talked about steps to secure Diet approval. Coordination of views on the promotion of Deputy BOJ Governor Toshiro Muto, a former vice finance minister who is the favorite of the government and the ruling camp, is expected to gradually move into full swing. While Prime Minister Yasuo Fukuda and DPJ President Ichiro Ozawa remain silent, the bargaining over the issue is taking on a complex note.

It has thus far been believed that there are several channels for talks on the selection of a new BOJ governor between the government and the DPJ. LDP Diet Policy Committee Chairman Tadamori Oshima and DPJ Diet Affairs Committee Chairman Kenji Yamamoto on the afternoon of Feb. 7 took the first official action. Oshima visited Yamaoka's office in the Diet building. They talked for about 30 minutes on their own.

Oshima said, "I would like to deal with this issue in a cautious and considerate manner," He then sought Yamaoka's view not on who should replace Fukui but how his successor should be decided. Handing over a piece of paper to Oshima, Yamaoka replied, "Why don't we informally hear the policies of candidates at the House Steering Committee?" The paper was an agreement signed in February 2004 by the Diet Affairs Committee chairmen of the LDP, the DPJ and the New Komeito.

The agreement paper noted that when the government proposes a personnel appointment plan, such as the appointment of a BOJ governor, it is required to informally listen to the views of candidates.

The agreement mentions that candidates should be called into the board meeting of the Diet Affairs Committees of the Lower and Upper Houses. However, Yamaoka proposed that they should be called into

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the committee attended by more participants. Oshima brought the agreement back to the LDP, saying, "We will reply after vetting the contents." One LDP senior official said that the agreement reached by the three parties "carries weight."

As such, possible procedures might be: (1) the government makes an assignment proposal to the joint council of representatives of the House Steering Committee of both the Lower and Upper Houses; (2) the House Steering Committee listens to the stances of candidates; (3) each party chooses one person from among the candidates, based on intra-party procedures; and (4) they hold a vote at the plenary

sessions of the Lower and Upper Houses.

Both Oshima and Yamaoka said that no specific names have been given. However, one senior opposition party member, who is cautious about the promotion of Muto, a former, suspected, "This may be a maneuver toward approving Muto as governor." The DPJ opposed the appointment of Muto as deputy governor in 2003, as well. One reason for its opposition was that the summoning of Muto to the Diet was not realized. The hearing of his policy as proposed this time can be taken as a maneuver to play up the idea that transparent procedures have been secured, while containing those opposing his appointment.

Chief Cabinet Secretary Nobutaka Machimura on Feb. 7 stated that only one person would be recommended, backing up the view that final coordination would be undertaken to recommend Muto. Both Oshima and Yamaoka are in agreement on the perception that the government will recommend only one person. That is because if the LDP and the DPJ fail to recommend the same candidate after hearing the views of candidates, the candidates would lose face.

Prime minister, Ozawa remain silent: DPJ members advocating notion of separation of fiscal and monetary administration in agreement with anti-Ozawa forces

The meeting of Diet Affairs Committee chairmen held on Feb. 7 surfaced suddenly. Only a few government and ruling part officials had been informed of a plan to hold such a meeting.

The DPJ's internal procedures are that upon receiving a government proposal, it will discuss the matter at its subcommittee tasked with considering personnel appointments requiring Diet approval and reach a final decision at its executive meeting (Diet executive liaison).

Those in favor of the notion of separation of fiscal and monetary administration dominate this panel. One member asked, "Is it all right for Mr. Muto, a former Finance Ministry official, to serve in the top post of the BOJ, which steers the nation's monetary policy?" Some are also resentful of the DPJ leadership trying to create momentum to leave the matter to Ozawa at an early stage, believing that he should make a final decision.

What makes the matter complex is that those who are cautious about the idea of promoting Muto are in agreement with influential members who keep their distance from Ozawa, such as Subcommittee Chairman Yoshito Sengoku. These people are also squaring off against the LDP. They are distrustful of Ozawa, who once secretly tried to explore ways to realize a grand coalition along with the prime minister. Deputy President Katsuya Okada, who advocates separation of fiscal and monetary administration, yesterday hinted at his cautious stance toward the promotion of Muto, noting, "There is no change in my stance toward this issue."

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Many informed sources believe that a battle between Ozawa and anti-Ozawa forces has started. If anti-Ozawa forces in the DPJ join hands with the Japanese Communist Party, the Social Democratic Party and the People's New Party in opposition to the promotion of Muto, the situation would become uncontrollable. Such misgivings have gradually emerged in the government and the ruling camp.

The prime minister and Ozawa remain silent probably because they want to determine the moves among DPJ members. LDP Secretary General Bunmei Ibuki visited the Kantei yesterday evening. He told the prime minister, "The Diet Affairs Committee chairmen will be busy for some time to come. I would like you to take a wait-and-see attitude." However, when reporters asked Fukuda, "Did you discuss the selection of a new BOJ governor with the secretary general?" he simply replied, "No, not at all."

(6) Obama City supports U.S. presidential candidate Obama?

TOKYO SHIMBUN (Page 26) (Slightly abridged)  
February 7, 2008

Those involved in the tourist business in Obama City, Fukui

Prefecture probably paid more attention to the Super Tuesday primary races in the U.S. presidential election campaign than did Prime Minister Yasuo Fukuda and Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa. It is true that when we input the word "Obamashi" for Obama City in Japanese on the computer's search engine, we also come up with the word "Obama-shi" for Mr. Obama. Even though the tourist agents know this is a poor joke, they are giving their vocal support enthusiastically to Democratic presidential candidate Barack Obama. They even hope that someday a Japan-U.S. summit meeting might be held in their city, Obama.

Obama, an old historical city, has a population of 32,000. Facing Wakasa Bay, Obama was once a gateway for continental Asian culture. The city has provided fish and other seafood to Kyoto and Nara since the Nara Period. The popular television drama series on NHK, "Chiritotechnin," takes place in Obama. The head of the international exchange program in the city said on the phone: "We are aiming at a multiplier effect from our city's public relations about the TV drama and Mr. Obama."

Appearing on a television program last December, Senator Obama said: "When I visited Japan, a customs official told me, 'I'm from Obama City in Fukui Prefecture.' I feel like I have an affinity with that city." Watching this scene on TV, Shoryu Tamagawa, 44, the priest of Haga Temple, sent an e-mail to Mayor Toshio Murakami. His message was: "Mr. Obama carried out public relations for Obama City. Exchanges might occur. Why don't we offer our thanks to him?"

In January last year, Mayor Murakami sent a letter, in which he said: "It would be grateful if you would take an interest in OBAMA." The mayor introduced the history and culture of the city to the senator. Murakami also presented chopsticks to Obama and his wife.

The Tokyo Shimbun's news coverage team of this column went to interview officials in Yokosuka City, where there is a town called Oppama. Regarding Obama City's efforts, however, a tourism bureau official just said, "You don't say!" It appears that Yokosuka will not take any action. The reporters also interviewed a spokesperson from Nissan Motor's Oppama plant who said: "I don't think our plant

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has any special plan." They were quite cool to the idea.

The team then looked around for supporters of Hillary Clinton. The team found a regional currency called "hirali," which is available only in a shopping mall in Hirakata City, Osaka. One hirali is worth 100 yen. Takeshi Muto, chief secretariat of the nonprofit organization Hirakata Regional Currency Hirali said: "Around January, our staff made a joke that since the pronunciations of the name of our association and the name 'Hillary' are the same, why don't we support Hillary Clinton? But nothing has happened yet."

Chikusui Canycom, a farm equipment company, in Ukiha City, Fukuoka Prefecture, manufactures and sells tracklaying haulage vehicles with the brand name Hillary. The company started selling the vehicle in 1993, when Bill Clinton became president of the United States. Hillary Clinton was then drawing public attention. In accordance with bringing out of a new model, the company changed the name of vehicle from the Japanese hiragana character to English. The official in charge of the public relations of the company flatly said: "The sounds of the words happen to be similar. We are not aware of Mrs. Hillary Clinton." But the company has the bush cutter called "George" and grass cutter "Masao."

Hotel Sekumiya in Obama City has put Obama's portraits on the walls of its lobby and around the elevators. Seiji Fujiwara, executive managing director of the hotel, who also serves as chairman of the city's tourist association's promotion committee, has set up a self-proclaimed support group. Fujiwara said:

"Hearing that Hillary first had the edge, our activity to support Obama was small. Since Obama has made great strides this time around, he now has a chance to win. I want him to beat Hillary. If he becomes president, I want him to hold a Japan-U.S. summit in the city of Obama"

